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## Under NSPS, the Compensation System Will Become More Market Sensitive

NSPS Program Executive Office (PEO)

Under NSPS, the Department of Defense (DoD) is transforming its compensation system to be more market sensitive. Recognizing that the Federal Government's pay system does not align well with modern compensation principles, Congress has provided the Department with exemptions from many pay administration provisions in title 5, United States Code (U.S.C.).

Under the General Schedule (GS), the Office of Personnel Management (OPM) establishes a worldwide base salary rate for all Federal employees. Additionally, em-

ployees in the continental United States are in one of 32 geographic locality pay areas and receive locality pay as a percentage increase to the worldwide base salary rate. Each January, GS employees receive an annual pay increase, composed of an across-the-board increase and a locality pay adjustment. For specific occupations, OPM may establish a special salary rate supplement, which replaces locality pay for employees covered by the special rate authorization. These special rate supplements are reviewed for possible adjustment annually.

Under NSPS, the Department will replace  
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## FLRA Addresses Vacation Costs When Leave Is Canceled

Labor & Employee Relations [E-mail us](#)

You say, "I'm going to Disney World!" "Sorry," your boss responds, "but I've had to cancel your leave." Can you be reimbursed for your non-refundable airfare to visit Mickey? No, says the Federal Labor Relations Authority (FLRA), and thereby hangs a tail, er, tale.

FLRA recently upheld DoD's disapproval of a contract provision requiring the agency to reimburse employees for entertainment and vacation losses incurred when management cancels their previously approved leave. The Department had argued that the disapproved provision was nonnegotiable because—

- It required management to pay for employees' personal expenses without express statutory authorization for such payments; and
- It did not constitute an appropriate arrangement under the Federal Service Labor-Management Relations Statute (the Statute).

In *Association of Civilian Technicians, Puerto Rico Army Chapter*, [60 FLRA No. 180](#) (2005), the Authority rejected the union's argument that the employee expenses in question were necessary business expenses incurred by the agency when it cancelled previously approved leave due to mission requirements. Further, FLRA found that the disapproved provision was not an appropriate arrangement for employees who lose money on unusable entertainment and vacation services (e.g., concert tickets, hotel rooms) in such a situation.

FLRA held that there must be independent and express statutory authorization for the expenditure of funds, separate and apart from the duty to bargain under the Statute, before an agency can pay employees for particular expenses. In this case, FLRA determined there was no such authorization to cover employees' losses for entertainment and vacation expenses. FLRA therefore dismissed the union's negotiability appeal.

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### Hurricanes Katrina & Rita

In support of affected DoD civilians and their families, CPMS has established a **toll-free hotline** to supplement Component efforts (1-888-373-4872; open 7:00 a.m.-9:00 p.m. EDT daily, subject to change based on need). Acting as "case workers," CPMS will identify the type of assistance needed (e.g., pay, leave, benefits), then contact the appropriate Component, DFAS, or other resource who can help the caller. In addition, the **CPMS web site** (click [here](#)) provides information and guidance on benefits and entitlements for affected DoD civilians. **Please publicize the hotline and web site widely.**



## NSPS Will Use Occupational Pay Schedules with Local Market Supplements

(Continued from page 1)

the universal GS with multiple pay schedules: a separate pay schedule will be established for various groupings of occupations (e.g., a schedule for professional engineers and scientists, a schedule for physicians and dentists, etc.). These schedules will be open pay ranges—they will not include specific step rates, unlike the General Schedule. Each of these schedules will be worldwide in application.

Many employees, including all in the continental United States, will also receive a local market supplement (LMS). Initially, GS locality rate percentages and special rate supplements will be used in setting LMS rates; however, over time DoD will conduct market surveys and establish LMS rates that may differ. The LMS will be calculated as a percentage of the employee's base pay, and a separate LMS percentage can be established for discrete career groups, pay schedules, occupations, and even individual pay bands. The LMS will "replace" both locality pay and special rate supplements. Both the pay schedules and the LMS percentages will be reviewed for possible adjustment annually. LMS is considered part of basic pay and is used in calculating retirement benefits, just as locality pay is used today.

Under the GS, the same pay schedule applies to all cov-

ered employees, and all employees in a geographic location receive the same locality rate without regard to their occupation. This "one-size fits all" method treats all occupations alike, regardless of such factors as market value and competition. NSPS is designed to be far more market sensitive. It enables the Department to set and adjust the minimum and maximum

rates of pay for each pay band based on national labor market factors and conditions. NSPS also enables the Secretary of Defense to set LMS percentages based on labor market and other conditions that are specific to particular occupations and locations. Also, the use of open pay ranges in place of fixed steps means that employing activities will have the flexibility to set

pay for job candidates at the level necessary to be competitive in the marketplace. All employers strive to pay employees a fair and competitive salary. The use of various pay schedules and LMS facilitates the Department's ability to align pay with the market through application of modern pay practices.

## What Are "In Lieu of" Holidays?

Classification & Pay [E-mail us](#)

All full-time employees, including those on flexible or compressed work schedules, are entitled to an "in lieu of" (in place of) holiday when a holiday falls on a non-workday. When this occurs, the employee's holiday is the basic workday immediately preceding the non-workday. A basic workday for this purpose includes a day when part of the basic work requirement for an employee under a flexible work schedule is planned or scheduled to be performed. There are four exceptions to the above guidance:

1. If the non-workday is a Sunday (or an "in lieu of" Sunday), the next basic workday is the "in lieu of" holiday.
2. If Inauguration Day falls on a non-workday, there is no provision for an "in lieu of" holiday. (Note: Inauguration Day is a holiday only for individuals employed in the national capital area.)

3. If the head of an agency determines that a different "in lieu of" holiday is necessary to prevent an adverse agency impact, he may designate a different "in lieu of" holiday for full-time employees under compressed work schedules. Within DoD, the authority to make this determination has been delegated to the DoD Components. The pertinent statute—5 U.S.C. 6131(b)—defines "adverse agency impact" as follows:

- A reduction of the productivity of the agency;
- A diminished level of services furnished to the public by the agency; or
- An increase in the cost of agency operations (other than a reasonable administrative cost related to the process of establishing a flexible or compressed work schedule).

4. For Federal employees at

duty posts outside the United States whose basic workweek is other than Monday through Friday, and for whom Monday is a regularly scheduled workday, the first regularly scheduled workday in the week is the "in lieu of" holiday. This exception provides a three-day weekend for these employees.

Employees are not entitled to another day off as an "in lieu of" holiday if a Federal office or facility is closed on a holiday because of a weather emergency. If employees are furloughed on a holiday, they are not entitled to an "in lieu of" holiday.

Part-time employees are not entitled to an "in lieu of" holiday when a holiday falls on a non-workday. This entitlement applies to full-time employees only.

[More information](#) about "in lieu of" holidays is available on the CPMS web site.



## Military Spouse Preference & PPP Program S Can Ease the Strain of Relocating

Civilian Assistance and Re-Employment (CARE)

Qualifying military spouses may claim military spouse preference (MSP) when seeking DoD employment in—

- Appropriated fund positions in the excepted or competitive service at the GS-15 level and below (or pay-band equivalent) or equivalent Federal Wage System (FWS) positions; and
- Nonappropriated fund (NAF) positions in all employment categories at pay band NF-3 and below and equivalent positions, and positions paid at an hourly rate.

The statutory authority for providing employment preference to military spouses is 10 U.S.C. 1784, Employment Opportunities for Military Spouses. DoD Instruction 1404.12, Employment of Spouses of Active Duty Military Members Stationed Worldwide, provides a regulatory framework for the MSP program.

MSP applies to spouses of active duty members of the U.S. Armed Forces, including the U.S. Coast Guard and full-time National Guard, when—

- The military sponsor is relocating (i.e., making a permanent change of station move) because of service under a statutory tour; and
- The marriage occurred before the sponsor's reporting date to the new assignment.

DoDI 1404.12 lists several circumstances where MSP does not apply, e.g., if the spouse's selection for a particular position would result in nepotism or violate veterans' preference. Generally, however, military spouses who meet the above criteria may claim MSP.

The period of MSP eligibility begins 30 days before the military sponsor's reporting date to the new location. Thereafter, eligibility continues without a time limit, except that spouses seeking preference with less than six months remaining in the area may be non-selected for permanent, continuing positions. Continuing positions are those to which appointments are made without time limitation and which have fixed full-time or part-time work schedules.

There is no limit to the number of times MSP may be applied for non-continuing positions. Non-continuing jobs include—

- Positions filled by temporary or term appointment;
- Positions with intermittent work schedules; and
- NAF positions with a flexible work schedule or for which the employment category is identified as flexible.

If a spouse accepts a time-limited appointment of more than 60 days, eligibility for subsequent time-limited appointments is suspended until 60 days prior to expiration of the appointment.

*Foreign Areas.* Local activities establish MSP procedures for appropriated fund fill actions in foreign areas. Spouses may apply for such positions up to 30 days before their anticipated arrival. However, they may receive preference only upon their actual arrival at the overseas location.

*Non-Foreign Areas.* Military spouses must register in the Priority Placement Program (PPP) in order to claim MSP for competitive service positions in non-foreign areas. The specific PPP subprogram is the Military Spouse Preference Program, also known as Program S. Program S registration is limited to spouses who are immediately appointable (e.g., career employees on leave without pay or reinstatement eligibles) and whose sponsor's duty station is located in the

United States or its territories and possessions.

When positions are being filled through competitive merit promotion procedures, Program S registrants are entitled to preference if they are among the best-qualified candidates in an open competitive merit promotion action. Selection is mandatory provided there are no higher priority candidates (e.g., PPP Priority 1 or 2) available.

Military spouses retain Program S eligibility until they have been placed or have declined a continuing position.

Questions about Program S may be referred to CARE ([E-mail us](#)). MSP questions may be referred to Staffing and Development Branch, Field Advisory Services (FAS) Division ([E-mail us](#)).

## '04 Federal Human Capital Survey

Strategic Integration [E-mail us](#)

The biennial Federal Human Capital Survey had its highest employee response rate ever in 2004. Nearly 150,000 Federal employees participated, including 40,000 DoD employees. Begun by OPM in 2002, the survey provides critical information on how well organizations manage people, their most important asset.

Government-wide and Department-specific survey [results](#) have been posted on the CPMS web site. In general, 2004 survey responses

show that DoD employees are strongly motivated by the mission and believe their compensation and benefits are good. However, they also perceive that excellent performance is not properly recognized and poor performance is not adequately addressed. DoD organizations may also need to do more to increase employees' confidence in their leadership. Finally, the survey indicates that within the next few years, at least 30 percent are considering leaving their organizations for new opportunities or retirement.





## Presidential Management Fellows (PMF) Program Is Revitalized

Staffing and  
Development

[E-mail us](#)

New [regulations](#) governing the Presidential Management Fellows (PMF) Program took effect this summer. The Program targets outstanding individuals from a variety of academic disciplines and career paths who have an interest in, and commitment to, a Federal career in public sector management.

Executive Order [13318](#), November 21, 2003, modernized the Presidential Management Intern Program and renamed it the PMF Program to connote the high standards, rigor, and prestige of the revitalized Program. The Order—

- Removed a fixed, annual hiring cap of 400 positions associated with the previous program;
- Expanded participation to excepted service agencies; and
- Created a Senior Fellows component within the PMF Program.

Under the new program, the Chief Human Capital Officers (CHCO) Council and agencies not represented on the Council will provide input to OPM about agency needs for managerial and leadership succession. Based on this input, OPM will determine the number of Fellow and the number of Senior Fellow appointments annually, on or about October 1<sup>st</sup>.

*Fellows Component of the PMF Program.* Initial ap-

pointments of Presidential Management Fellows are made at the GS-9, 11, or 12 level (or equivalent), depending on candidate qualifications. Fellows may be promoted up to the GS-13 level or equivalent, and time-in-grade requirements do not apply. This differs from the previous Program, which limited these appointments to entry at the GS-9 level, limited promotions to the GS-12 level, and applied time-in-grade requirements.

Appointments are made for two years. However, extensions for up to an additional year may be made.

Upon satisfactory completion of the program as certified by the employing agency's Executive Resources Board or equivalent, the employing agency must noncompetitively appoint the Fellow to a full-time, permanent position in the competitive or excepted service, as applicable, in accordance with the conversion provisions of title 5, Code of Federal Regulations (CFR), Subpart 315.708. This appointment "must be effective on or before the expiration of the individual's PMF appointment, including extensions" (5 CFR 362.209(b)(1)). To ease compliance with this requirement, OPM has delegated to agencies the authority to extend an appointment for up to 120 days. OPM retains the authority for extensions beyond 120 days up to one year.

Agencies have flexibility

under the new program to develop promotion policies that best meet their needs (5 CFR 362.204(d)(1)). DoD interim guidance on the promotion policy for the PMF Program is forthcoming.

*Senior Fellows Component of the PMF Program.* The Federal Register Notice also sets the parameters for the Senior Fellows component. Initial appointments of Senior Fellows in the PMF Program are made at the GS-13, 14, or 15 level (or equivalent). The Senior Fellows appointments have the same two-year duration and possible extension as those established for Fellows. After satisfactorily completing the Program, Senior Fellows must be—

- Converted in the same manner as Fellows; or
- At the agency's discretion, appointed to a position in the Senior Executive Service (SES) or the equivalent, without further competition.

Senior Fellows converted to SES are subject to the same Qualifications Review Board examination as an individual who has successfully completed an OPM-approved SES candidate program.

OPM policy and procedural guidance for the Senior Fellows component are pending at this writing. Once they are issued, DoD will also furnish guidance as appropriate.

### New Form Will Enhance Diversity Data

Regionalization & Systems Modernization (REGMOD)

Standard Form (SF) 181, Ethnicity and Race Identification, was revised during August, enabling agencies to report more specific information. The revised form will become the Government-wide standard for accessions occurring on or after January 1, 2006.

Previously, Federal employees were only able to select the single race/ethnicity category with which they most closely identified. The new form asks them two questions: First, if they are Hispanic or Latino; and second, regardless of their

first answer, which of five racial categories they most closely identify with ("Check as many as apply," the form says): American Indian or Alaska Native; Asian; Native Hawaiian or Other Pacific Islander; Black or African American; or White.

Allowing employees the opportunity to select any combination of the above five racial categories will let them self-identify at a greater level of detail. Breaking out the previous "Asian or Pacific Islander" category will also provide more specificity.

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## New Form and Reporting Codes Will Enhance Workforce Diversity Information

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OPM developed the new SF 181 in response to the Standards for the Classification of Federal Data (SCFD) on Race and Ethnicity, which were revised in 1997 by the Office of Management and Budget (OMB). SCFD modified race and ethnic reporting methods Government-wide. OMB allowed Federal agencies to phase-in SCFD over several years.

The new question format of

the SF 181 will require agencies to use a revised coding sequence in reporting this information to OPM and the Central Personnel Data File (CPDF). While old race and national origin (RNO) codes will not be terminated, all employees appointed on or after January 1, 2006, must complete the revised SF 181. CPMS, which manages the Defense Civilian Personnel Data System (DCPDS), will ensure the system is updated

to accommodate the new coding sequence. Effective with the June 2006 data submission, agencies must submit reports to OPM and CPDF in the new format.

OPM does not require agencies to update RNO information for current employees, but having this information in one format would aid reporting consistency within the Department and ease compliance with Enterprise Human Resources Integra-

tion initiatives. In coordination with the equal employment opportunity community, CPMS will advise employees on how they can update their RNO information.

Questions about DCPDS and the revised coding sequence may be referred to REGMOD ([E-mail us](#)). Staffing questions may be referred to the Staffing and Development Branch, FAS Division ([E-mail us](#)).

## DoD Issues Memo on Compensatory Time Off for Travel

Classification & Pay [E-mail us](#)

**T**he Under Secretary of Defense (Personnel and Readiness) recently issued a policy [memorandum](#) to implement a new form of compensatory time off. The basis in statute is the Federal Workforce Flexibility Act of 2004, Public Law 108-411 (October 30, 2004). A January [article](#) discussed Government-wide interim rules. Since then, Pay has been asked—

**Q.** In DoD, do the interim rules apply only title 5 employees? **A.** Yes. These rules apply to employees as defined in 5 U.S.C. 5541(2), which includes employees in senior level and scientific or professional positions (SL and ST), but excludes SES members and FWS employees.

**Q.** When employees earn overtime compensation under another statute, may they also earn compensatory time off for travel outside

normal duty hours under the interim rules? **A.** No. These rules apply only if travel time is not otherwise compensable.

**Q.** However, suppose an employee is otherwise eligible to be compensated for travel time, but compensation has reached the annual limitation on premium pay. Would the interim rules then apply to the travel time that exceeds this limitation? **A.** No. These rules would not apply to travel time in excess of this limitation.

**Q.** Is there a cap on the amount of compensatory time off eligible employees can earn under these rules? **A.** No. These rules do not impose a cap.

**Q.** Under the interim rules, travel status includes the “usual waiting time” that precedes or interrupts travel. Who decides what the “usual waiting time” is? **A.** Agency heads have the authority to determine what is

creditable as “usual waiting time.” We anticipate that the Department will issue a policy memorandum on this and other issues once OPM has issued final rules.

**Q.** Suppose the waiting time is unusually long, e.g., more than 2 hours. Would all that time be considered to be in a travel status? **A.** Not necessarily. The extended time outside the employee’s regular working hours would not be considered time in a travel status if the employee is at liberty to eat, rest, engage in some form of entertainment, or otherwise use the time for personal purposes.

**Q.** What about travel to a duty station in connection with a permanent change of station? **A.** No. Compensatory time off for travel does not apply in that circumstance.

**Q.** Besides the interim rules, has OPM issued guidance? **A.** Yes. Click [here](#).

## CPMS Web Site Has Constitution Education Resources

Defense Leadership & Management Program (DLAMP) [E-mail us](#)

**T**he CPMS web site developed to mark Constitution Day and Citizenship Day earlier this month (<http://constitutionday.cpms.osd.mil>) will remain open as a resource to provide educational materials on the Constitution to all new hires as part of new employee orientation, as required by Section 111 of the Consolidated Appropriations Act, 2005 (Public Law 108-447), December 8, 2004. We encourage you to include either the DoD Constitution Day and Citizenship Day flyer or bookmark in your new employee orientation or welcome package. Both items advertise the web site address. Please visit the web site, review the educational materials, and give us feedback, which we will use in planning for next year.



## CPMS Personnel-ity Profile

### OCI's Cynthia Shigemasa Puts Her Heart into Her Work

Cynthia Shigemasa, an investigator with the Office of Complaint Investigations (OCI) area office in Hawaii, has the aloha spirit: "I have always lived on Oahu, and I have relatives on all the major islands.

"I started my Federal career working for the Navy as a staffing assistant at Pearl Harbor Naval Shipyard." Work was fast paced, since the Navy was heavily committed to Southeast Asia operations. In the '70s, Cynthia moved to what was then called the Consolidated Civilian Personnel Office and gained experience as a staffing specialist, classifier, and labor-management relations specialist. She also worked at the HR policy office for CINCPAC—Commander in Chief, Pacific—where she researched labor issues, tracked civilian workforce trends, and wrote HR instructions.

"Then, in the early '90s, I had the good fortune to meet Lou Rosof, who has since retired. He was the OCI investigator for an EEO complaint, and I represented management. I was really impressed with his caring approach and expertise. I liked what I saw and decided to accept a position at OCI, which was probably the best decision of my life!"

Her career change came at a complicated time. Cynthia's family owned a garden shop that also did irrigation and landscape design. She worked there part-time. During this period, Eagle Hardware & Garden opened a 160,000-square-foot store less than two miles away. "It was hard juggling a new job and trying to keep our store afloat. Eventually, we couldn't compete.

"After the store closed, I

was able to concentrate on a job I really enjoy. In the OCI Hawaii area office, we work EEO complaint investigations from start to finish. We do our own case management, which includes case intake, scheduling, investigating, and either settling or writing reports of investigation.

"I enjoy the frontline work involved, connecting with people and touching their lives. Alternative dispute resolution was not OCI's main focus when I started, but along the way it took on a life of its own, and I've had a lot of success settling complaints. This is the part of the job that brings me the greatest satisfaction. We all bring different skills and traits to the table. I bring what I've learned as a daughter, sister, mother, and co-worker. Unless you've been there, you cannot imagine the satisfaction that comes when you bring closure to a complaint and the complainant and management representative both say, 'Thank you.' My time with the parties may be brief, but I have a chance to make a difference and restore harmony.

"I treasure a note from one complainant who said my work had 'played a pivotal role in her life.' She said in terms of days and hours my involvement in her life was brief, but it was huge in terms of impact and she would forever be thankful. It doesn't get much better than this.

"Family is another source of satisfaction for me. My daughter lives and works as a realtor in San Jose, CA, and my son teaches high school chemistry and physics here. This month, he and my daughter-in-law had a baby, my first grandchild. I was delighted when they named her Cali-Jo; Jo is my middle name."

Section 5-7.5 of the Hawaii Revised Statutes is the Aloha Spirit Law. This actual state law calls the aloha spirit, "the coordination of mind and heart within each person...Aloha means mutual regard and affection and extends warmth in caring with no obligation in return." Without a doubt, Cynthia's career and personal life shine with the light of the aloha spirit!

## Pipeline—Let's Keep It Flowing!

Injury & Unemployment Compensation (ICUC) [E-mail us](#)

DoD Components have returned 140 injured employees to light duty or rehabilitation positions in fiscal year (FY) 2005 as a result of the DoD Pipeline Reemployment Initiative (Pipeline). Pipeline is designed to expedite the return-to-work process of injured employees as soon as they are medically capable by providing overhire authority and funding to

support salary and benefits for returning, injured employees for up to one year. Through Pipeline, DoD Components have potentially reduced future workers' compensation costs by over \$136 million.

We in CPMS thank the commanders, managers, injury compensation program administrators, and ICUC liaisons who have made Pipeline such a success in FY05. Let's keep it flowing in FY06!

## CPMS Employment Corner

CPMS vacancies are posted at <http://www.hr.dla.mil/onjams/splash.htm>. From that web page, click on the "Job Opportunity Announcement

Search Page" link, scroll down to "Organization Options," select "Hq/CPMS," and scroll down to announcement numbers that start with "CPMS."